UNITED STATES BANKRUPTCY COURT

IN THE DISTRICT OF SOUTH CAROLINA

IN RE:	)	
	)	**CHAPTER 11**
207 New Market Street, LLC,	)	**BANKRUPTCY NO: 11-00390**
	)	
	)	
Debtor.	)	
____________________________	)	

DEBTOR'S MOTION FOR THE USE OF CASH COLLATERAL

207 New Market Street, LLC, a South Carolina Corporation ("Debtor"), hereby files this Motion seeking entry of an Order authorizing the use of cash collateral on which City National Bank ("CNB") asserts a security interest and lien. The Debtor proposes to use the cash revenues for payment of operating expenses which are absolutely necessary for the continuation of the Debtor's business. In support of this Motion, Debtor submits the following:

INTRODUCTION

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. Section 1334.

2. This proceeding is a core proceeding pursuant to 28 U.S.C. Section 157 (b)(2).

3. Venue of this proceeding is proper pursuant to 28 U.S.C. Sections 1408 and 1409.

4. The Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on January 25, 2011 (the "Petition Date").

5. As of the Petition Date, the Debtor has been operating its business as debtor-in-possession pursuant to 11 U.S.C. Sections 1107(a) and 1108.

6. No official committee has been appointed for this case.

7. Debtor owns a 204 unit apartment complex in Greenwood, South Carolina known as New Haven Apartments.

ASSERTED LIEN AND ADEQUATE PROTECTION

8. As of the Petition Date, CNB claims to be owed approximately Three Million, Three Hundred Seventy-Seven Thousand, Eight Hundred ($3,377,800.00) Dollars from the Debtor. CNB's claim arises from promissory notes dated April 26, 2006 for Two Million Four Hundred Ninety-Five Thousand ($2,495,000.00) Dollars amended September 1, 2007 for an amount of Three Million Two Hundred Twenty ($3,220,000.00) Dollars.

9. The Three Million Two Hundred Twenty ($3,220,000.00) Dollar loan is allegedly secured by the following assets of the Debtor:

a)	**Property:**	**Approximate value of One Million Six Hundred Thousand ($1,600,000.00) Dollars;**
b)	**Personal Property:**	**$24,700.00**
c)	**Assignment of Rents:**	**Varies monthly based on collections, average is $41,000.00/month**
d)	**Personal Guaranty of:**	**Bob McKenney and Robert Rukavina**
	TOTAL SECURITY:	**$1,624.700.00 plus**

10. 207 New Market Street, LLC has received a loan commitment from AmeriCommercial Capital, Inc for Three Million ($3,000,000.00) Dollars per Exhibit "B".

RELIEF REQUESTED

11. The Debtor herein is unable to operate its business and to pay critical operating expenses without the ability to use Cash Collateral (as

defined in Section 363(a) of the Bankruptcy Code). Without the use of rental income the Debtor will suffer immediate and irreparable harm if the relief herein is not granted.

12. From the analysis above comparing the claimed security interest with the assets providing protection to CNB, it's clear that CNB is adequately protected if the Debtor is permitted to use Cash Collateral.

13. The Debtor requests authorization to use Cash Collateral in accordance with a budget that is attached hereto in Exhibit A.

14. The Debtor' use of cash collateral in this case is absolutely necessary for the continued operation of the Debtor's business. In order to generate continuing rental income, the Debtor must have the resources to continue in business. Debtor needs to pay operational expenses, such as payroll, utilities and insurance as listed in the projections attached hereto as Exhibit "A".

15. Debtor seeks to use cash collateral as indicated in the projections attached hereto as Exhibit "A", and also request permission to exceed line items as long as it does not exceed the overall amount requested in the budget.

16. In the event CNB is determined to have a valid lien on cash collateral, Debtor agrees to provide CNB a replacement lien on post-petition cash collateral in the same validity and priority as its pre-petition lien, to the extent of any diminution in its cash collateral post-petition.

17. Section 363(c)(2) of the Bankruptcy Code provides that the Debtor may use cash collateral if each entity that has an interest in such cash collateral consents or if the Court authorizes such use after notice and hearing. Notwithstanding the objection of a party with an interest in the cash collateral, pursuant to Section 363(e), the Court may authorize the use of cash collateral

if such creditor is provided with adequate protection for its interest in the collateral.

18. CNB has an the value of the collateral securing its claim, as demonstrated above, and debtor has offered a replacement post-petition lien on the collateral. Therefore CNB is adequately protected. In addition, Debtor has obtained a commitment that would pay CNB Three Million ($3,000,000.00) Dollars in the short term.

19. When the secured creditor's interest in the collateral is adequately protected, the policy and provisions of the Bankruptcy Code mandate the authorization for use of the collateral. See *Metropolitan Life Insurance Co. v. Sunnymead Shopping Center Co.* *(In re Sunnymead Shopping Center Co.),* 178 B.R. 809 (Bankr. App. Panel 9th Cir. 1995); *MB Bank Dallas, N.A. v. O'Connor* *(In re O'Connor)*, 808 F.2d 1393 (10th Cir. 1987); *Chrysler Credit Corp. v. Ruggiere* *(In re George Ruggiere Chrysler Plymouth, Inc.)* 727 F.2d 1017 (11th Cir. 1984): *see, also* *In re JKJ Chevrolet, Inc.*, 190 B.R. 542, 545 (Bankr. E.D. Va. 1995), *aff'd* in unpublished opinion, 117 F.3d 1413, (4th Cir. 1997) *(citing In re O'Connor).*

20. Use of cash collateral is necessary in order to allow a successful reorganization, based upon the continuing operation of the Debtor's business. This will benefit all parties, including CNB, which will receive a replacement lien as described above.

21. The relief is requested on an interim basis, until a final hearing on the Motion is heard before this Court with appropriate notice to parties in interest, as may be ordered by the Court.

WHEREFORE, having shown that it is entitled to the continuing use of cash collateral for its ongoing operations, the Debtor requests an Order authorizing such use, a hearing date in order to have this matter resolved as

quickly as possible and such other an further relief as the Court may deem appropriate.

Respectfully Submitted on this the 25th day of January, 2011 at Greenville, South Carolina.

/s/ James C. Sarratt
James C. Sarratt
I.D. 3727
Sarratt & Clarke, Attorneys
6 Brookside Circle
Greenville, South Carolina 29609
Phone: (864)-271-4100
Fax: (864)-271-4111

EXHIBIT A
207 New Market Street
2011 Proposed Operating Budget -1/25/2011
New Haven Apartments--204 Units

	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	TOTAL	$ Unit
ENTAL INCOME														
02-0000 GROSS POTENTIAL RENT	92,595	92,595	92,595	92,595	92,595	92,595	92,595	92,595	92,595	92,595	92,595	92,595	1,111,140	5,556
02-0100 LOSS TO LEASE	(11,130)	(11,455)	(11,780)	(12,430)	(12,140)	(12,140)	(12,140)	(12,140)	(12,140)	(12,140)	(12,140)	(12,140)	(143,915)	
02-0500 COMMERCIAL RENT	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	22,200	
03-0000 VACANCY	(43,430)	(41,700)	(41,475)	(40,945)	(40,945)	(40,945)	(40,945)	(40,945)	(40,945)	(40,945)	(40,945)	(40,945)	(495,110)	
04-0000 CONCESSIONS & CREDITS	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(5,400)	
05-0000 CHANGE IN DELINQUENCY	(2,083)	(960)	(1,250)	(1,080)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(7,773)	
06-0000 EMPLOYEE\ADMIN UNIT RENT	0	0	0	0	0	0	0	0	0	0	0	0	0	
400400 **NET RENTAL INCOME**	37,352	39,880	39,490	39,540	40,610	40,610	40,610	40,610	40,610	40,610	40,610	40,610	481,142	2,359
THER OPERATING INCOME														
02-0000 PREVIOUS OWNERS TENANTS	0	0	0	0	0	0	0	0	0	0	0	0		
09-0000 LATE CHARGES & NSF FEES	1,000	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	16,125	
10-0000 MISCELLANEOUS INCOME		50	50	50	50	50	50	50	50	50	50	50	550	
11-0000 DAMAGE AND CLEANING FEES	250	250	250	250	250	250	250	250	250	250	250	250	3,000	
13-0000 APPLICATION FEE	0	0	0	0	0	0	0	0	0	0	0	0	0	
17-0000 LEGAL AND COLLECTION RECOVERY	165	165	165	165	165	165	165	165	165	165	165	165	1,980	
18-0000 PET RENT-MONTHLY	20	20	20	20	20	20	20	20	20	20	20	20	240	
53-0000 LEASE CANCELLATION FEE	0	0	0	0	0	0	0	0	0	0	0	0	0	
54-0000 CLUBHOUSE/FACILITY RENTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	
91-0000 INTEREST INCOME	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL OTHER OPERATING INCOME	1,435	1,860	1,860	1,860	1,860	1,860	1,860	1,860	1,860	1,860	1,860	1,860	21,895	107
TOTAL INCOME	38,787	41,740	41,350	41,400	42,470	42,470	42,470	42,470	42,470	42,470	42,470	42,470	503,037	2,466
XPENSES														
ENERAL PROPERTY EXPENSES														
40-0000 PROPERTY HAZARD INSURANCE	3,218	3,218	3,218	3,218	3,218	3,218	3,218	3,218	3,218	3,218	3,218	3,218	38,616	189
65-0000 MANAGEMENT FEES	1,939	2,087	2,068	2,070	2,124	2,124	2,124	2,124	2,124	2,124	2,124	2,124	25,152	
75-0000 REAL ESTATE TAXES	2,938	2,938	2,938	2,938	2,938	2,938	2,938	2,938	2,938	2,938	2,938	2,938	35,256	173
TOTAL GENERAL PROPERTY EXPEN	8,095	8,243	8,224	8,226	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	99,024	485
TILITIES														
10-0000 ELECTRICITY	628	628	628	628	628	628	628	628	628	628	628	628	7,536	
15-0000 ELECTRICITY-VACANT	300	300	300	300	300	300	300	300	300	300	300	300	3,600	
20-0000 NATURAL GAS	142	142	142	142	142	142	142	142	142	142	142	142	1,704	
25-0000 NATURAL GAS-VACANT	15	15	15	15	15	15	15	15	15	15	15	15	180	
30-0000 SEWER	4,945	4,945	4,945	4,945	4,945	4,945	4,945	4,945	4,945	4,945	4,945	4,945	59,340	
40-0000 WATER	2,835	2,835	2,835	2,835	2,835	2,835	2,835	2,835	2,835	2,835	2,835	2,835	34,020	
TOTAL UTILITY EXPENSE	8,865	8,865	8,865	8,865	8,865	8,865	8,865	8,865	8,865	8,865	8,865	8,865	106,380	521

207 New Market Street

2011 Proposed Operating Budget -1/25/2011

New Haven Apartments--204 Units

	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	TOTAL	$ Unit
ONTRACT SERVICES														
220-0000 PEST CONTROL	30	60	60	60	60	60	60	60	60	60	60	60	690	
240-0000 RUBBISH COLLECTION	0	0	0	0	0	0	0	0	0	0	0	0	0	
266-0000 LANDSCAPING CONTRACT	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	12,600	
270-0000 SECURITY ALARM MONITORING	489	0	0	489	0	0	489	0	0	489	0	489	2,445	
TOTAL CONTRACT SERVICE EXPEN	1,569	1,110	1,110	1,599	1,110	1,110	1,599	1,110	1,110	1,599	1,110	1,599	15,735	77
IAINTENANCE & REPAIR														
310-0000 HVAC MAINTENANCE & REPAIR	154	200	200	154	225	154	300	154	200	154	300	154	2,349	
320-0000 APPLIANCE MAINTENANCE & REPAIR	315	800	1,600	315	450	315	625	315	315	315	315	315	5,995	
325-0000 CLEANING SUPPLIES	25	50	75	75	75	75	75	75	75	75	75	75	825	
330-0000 GENERAL BUILDING MAINT/REPAIR	200	200	200	200	200	200	200	200	200	200	200	200	2,400	
360-0000 ELECTRICAL MAINT & REPAIR	372	372	372	372	372	372	372	372	372	372	372	372	4,464	
370-0000 EQUIPMENT MAINT & REPAIR	50	50	50	50	50	50	50	50	50	50	50	50	600	
375-0000 EQUIPMENT RENTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	
380-0000 FIRE SAFETY MAINT & REPAIR	25	1,962	25	14	14	14	14	14	14	14	14	14	2,138	
400-0000 LANDSCAPING M&R	15	960	15	25	25	25	25	25	25	25	25	25	1,215	
412-0000 EXTERIOR PAINTING M&R	250	300	300	300	300	300	300	300	300	300	300	300	3,550	
415-0000 PARKING LOT MAINT & REPAIR	0	0	0	0	0	0	0	0	0	0	0	0	0	
420-0000 PLUMBING MAINT & REPAIR	750	750	750	750	750	750	750	750	750	750	750	750	9,000	
440-0000 ROOF MAINTENANCE & REPAIR	200	200	200	200	200	200	200	200	200	200	200	200	2,400	
450-0000 SEWER MAINTENANCE & REPAIR	750	750	750	750	750	750	750	750	750	750	750	750	9,000	
460-0000 SMALL TOOLS PURCHASE	25	20	25	25	25	25	25	25	25	25	25	25	295	
TOTAL MAINT & REPAIR	3,131	6,614	4,562	3,230	3,436	3,230	3,686	3,230	3,276	3,230	3,376	3,230	44,231	217
NIT TURNOVER COSTS														
485-0000 TURNOVER-INTERIOR PAINTING	750	750	750	750	750	750	750	750	750	750	750	750	9,000	
486-0000 TURNOVER-PLASTER\DRYWALL REPAIR	150	150	150	150	150	150	150	150	150	150	150	150	1,800	
489-0000 TURNOVER-OTHER INTERIOR REPAIR	250	250	250	250	250	250	250	250	250	250	250	250	3,000	
TOTAL UNIT TURNOVER COSTS	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	13,800	68

207 New Market Street
2011 Proposed Operating Budget -1/25/2011
New Haven Apartments--204 Units

	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	TOTAL	$ Unit
AYROLL EXPENSE														
10-0000 SALARY - MANAGER	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000	
20-0000 SALARY - LEASING	580	580	580	580	580	580	580	580	580	580	580	580	6,960	
30-0000 SALARY - MAINTENANCE	1,848	2,200	1,848	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	27,496	
35-0000 SALARY - PORTER/HOUSEKEEPING	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	17,400	
40-0000 PAYROLL TAX EXPENSE	882	935	882	965	965	965	965	965	965	965	965	965	11,378	
50-0000 WORKMANS COMPENSATION	408	408	408	408	408	408	408	408	408	408	408	408	4,896	
60-0000 HEALTH INSURANCE	0	0	0	0	0	0	0	0	0	0	0	0	0	
80-0000 PAYROLL PROCESSING	46	46	46	46	46	46	46	46	46	46	46	46	552	
TOTAL PAYROLL EXPENSE	7,214	7,619	7,214	7,849	7,849	7,849	7,849	7,849	7,849	7,849	7,849	7,849	92,682	454
ENERAL & ADMINISTRATIVE														
10-0000 OFFICE SUPPLIES & EXPENSES	174	174	174	174	174	174	174	174	174	174	174	174	2,088	
25-0000 APPLICATION/COLLECTION FEE	125	125	125	125	125	125	125	125	125	125	125	125	1,500	
30-0000 AUTOMOBILE GAS/TAXI	350	350	350	350	350	350	350	350	350	350	350	350	4,200	
40-0000 BANK CHARGES	60	60	60	60	60	60	60	60	60	60	60	60	720	
42-0000 BOOKKEEPING\ACCOUNTING	612	612	612	612	612	612	612	612	612	612	612	612	7,344	$3/unit
45-0000 COMPUTER SUPPLIES/SOFTWARE EXP	150	150	150	150	150	150	150	150	150	150	150	150	1,800	
51-0000 CONTINUING EDUCATION	0	0	0	0	0	0	0	0	0	0	0	0	0	
60-0000 DUES & SUBSCRIPTIONS	0	0	0	0	0	0	0	0	0	0	0	0	0	
65-0000 EQUIPMENT MAINTENANCE CONTRACT	45	45	45	45	45	45	45	45	45	45	45	45	540	
85-0000 LEGAL & EVICTION EXPENSE	275	275	275	275	275	275	275	275	275	275	275	275	3,300	
10-0000 POSTAGE & DELIVERY	120	120	120	120	120	120	120	120	120	120	120	120	1,440	
20-0000 PRINTING FORMS/BROCHURES	25	25	25	25	25	25	25	25	25	25	25	25	300	
60-0000 UNIFORMS	0	0	0	0	0	0	0	0	0	0	0	0	0	
80-0000 TELEPHONE/FAX/DSL	705	705	705	705	705	705	705	705	705	705	705	705	8,460	
90-0000 TRAINING & TRAVEL	0	0	0	0	0	0	0	0	0	0	0	0	0	
99-0000 MISCELLANEOUS ADMINISTRATIVE	25	25	25	25	25	25	25	25	25	25	25	25	300	
TOTAL GENERAL & ADMINISTRATI'	2,666	2,666	2,666	2,666	2,666	2,666	2,666	2,666	2,666	2,666	2,666	2,666	31,992	157
ARKETING EXPENSE														
05-0000 NEWSPAPER ADVERTISING	300	300	300	300	300	300	300	300	300	300	300	300	3,600	
10-0000 ADVERTISING & PROMOTION	25	25	25	25	25	25	25	25	25	25	25	25	300	
15-0000 RADIO & TV& INTERNET	0	0	0	0	0	0	0	0	0	0	0	0	0	
20-0000 ENTERTAINMENT & MEALS	0	0	0	0	0	0	0	0	0	0	0	0	0	
30-0000 RESIDENTIAL GOODWILL	0	0	0	0	0	0	0	0	0	0	0	0	0	
50-0000 LEASING BONUS	150	250	250	750	410	410	410	410	410	410	410	410	4,680	
56-0000 RESIDENT REFERRAL	100	100	100	100	100	100	100	100	100	100	100	100	1,200	
TOTAL MARKETING EXPENSE	575	675	675	1,175	835	835	835	835	835	835	835	835	9,780	48
TOTAL EXPENSES	33,265	36,942	34,465	34,760	34,190	33,984	34,929	33,984	34,030	34,473	34,130	34,473	413,624	2,028
NET OPERATING INCOME	5,522	4,799	6,885	6,641	8,280	8,486	7,541	8,486	8,440	7,997	8,340	7,997	89,413	438

EXHIBIT B

AmeriCommercial Capital, Inc.
Roger Buxton
16644 Munn Road
Chagrin Falls, Ohio 44023
Office: 440-264-298
Email: rbuxton@americommercalcapital.com

January 21, 2011

Robert McKenney
Via Email

Re: 207 New Market Street, LLC - $3,000,000 loan

Robert,

You asked for information that you can share with your lender.

AmeriCommercial Capital arranges bridge loan financing through private and institutional investors.

The underwriting criteria for a bridge loan centers on the quality of the collateral and the exit strategy of the bridge loan.

Quality:

The bridge lender will rely on an "as complete" appraisal and will hold back and disburse loan proceeds for construction improvements to insure that the project is completed in accordance with the plans, specifications and cost breakdowns incorporated into the appraisal and it's as complete value. The lender will hire an engineer to perform an initial review of the plans and specs and during construction inspect the project monthly for conformity and progress. Assuming all is in order he will approve the draw and the lender will disburse for payment of labor and material. (Same as any competent commercial bank)

The difference between a bridge lender and a commercial bank is the bridge lender does not consider:

Principals' and borrower's credit history or credit scores,

Potential for a business relationship,

Geographic location of the property or the client.

Exit Strategy:

The term of the bridge loan will be 24 months with a 12 month extension available for an additional fee. This term will be more than sufficient for this project.

Once the project achieves stabilization (Freddie and Fannie guidelines are 90% occupancy for 90 days) the project will be refinanced and the bridge loan will be repaid. All of our bridge lenders are very comfortable with these guidelines.

Timing:

Bridge lenders require an MAI appraisal performed for their firm by either CB Richard Ellis, Cushman Wakefield or Grub Ellis. Timing from date of engagement will be three weeks.

As we wait for the appraisal we will have submitted all data to the lenders for underwriting. Submission of the appraisal will be the final step except for title bring downs and minor housekeeping issues. We should be able to close the bridge loan within 45 days from today.

AmeriCommercial Capital background:

Visit our website at americommercialcapital.net for our resumes.

Sincerely,

Roger Buxton